

The Gazette of India



EXTRAORDINARY

PART I—Section 1

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MINISTRY OF COMMERCE & INDUSTRY

PUBLIC NOTICE

IMPORT TRADE CONTROL

New Delhi, the 26th December 1961

SUBJECT.—Import of capital goods from Japan under the Second Yen Credit.

No. 141-ITC(PN)/61.—Under the Second Yen Credit agreement concluded between the Export-Import Bank of Japan and certain other Japanese Banks on the one hand and the Government of India on the other, imports of capital goods from Japan into India against contracts of a value exceeding Rs. 4.76 lakhs c. & f. can be financed against the credit. Intending importers may apply to the Chief Controller of Imports and Exports, New Delhi, for a clearance in principle, with a copy to the Deputy Economic Adviser, Ministry of Commerce and Industry, New Delhi, providing the information indicated in paragraph 59 in Section I of the Import Trade Control Policy Book for the current licensing period—October 1961—March 1962. Applicants, who are informed that their import proposals have been approved in principle, will be required thereafter to submit to the Chief Controller of Imports and Exports, Udyog Bhavan, Maulana Azad Road, New Delhi, import applications in the prescribed form for capital goods and in the prescribed manner. After scrutiny of the applications from the view point of essentiality the applicants will be advised of the list of goods and the value thereof that may be permitted for import. Thereafter, the applicants should submit to the Ministry of Finance, Department of Economic Affairs, Foreign Credits Section, North Block, New Delhi, with copy to the Deputy Economic Adviser, Ministry of Commerce and Industry, New Delhi three attested copies of the contract with the suppliers in Japan which would be subject to approval by the Government of India and the Government of Japan. The Department of Economic Affairs will secure banking confirmation from the Export-Import Bank of Japan in regard to the financing of the contract under the Second Yen Credit and thereafter advise the applicant to make the contract with the Japanese supplier effective indicating also the name and address of a Japanese bank through whom payment is to be made to the Japanese supplier. The applicant will be required at this stage to furnish to the Department of Economic Affairs a bank guarantee in the form reproduced in Appendix I to this Public Notice, which will ensure that the rupee equivalent of payments made from time to time to the Japanese supplier is deposited immediately thereafter to the account of Government through the State Bank of India, New Delhi. On receipt of the bank guarantee duly executed, the Chief Controller of Imports and Exports, will be authorised to issue the import licence for the Capital Goods. The special conditions governing the import which will be intimated to the applicants at the time they are informed that their import proposals have been approved in principle will provide *inter alia* for the following:—

- (i) Payment for the goods can be effected only under a confirmed irrevocable letter of credit opened on a specified Japanese bank through the applicant's bank in India which would be the one which will furnish the bank guarantee to Government.

- (ii) The letter of credit would provide for payment by the Japanese bank against the Second Yen Credit. No foreign exchange remittance from India will be permitted.
- (iii) The letter of credit should be in the form set out in Appendix II to this Public Notice.
- (iv) All contracts should be on c. & f. basis.
- (v) Insurance, if required, should be effected against payment in Indian rupees in India. The amount of insurance payment will however, be debited to the c. i. f. value of the licence.
- (vi) As and when payments are made by the Japanese bank to the Japanese suppliers, the rupee equivalent should be deposited with a specified government account with the State Bank of India. The rupee equivalent of Yen payments should be calculated at the IMF parity rate on the date of Yen payments (at present this rate is Rupee 1 = 75.6 Yen). Interest @ 6% will be payable from the date of payment to the Japanese supplier to the date of deposit of rupee equivalent by the importer into Government account.

2. Applicants should note that the contracts submitted for approval should normally provide for payment on cash basis i.e., on presentation of shipping documents. For any customary performance guarantee required, 10 to 20% of the contract value could be withheld which should, however, be paid within twelve to eighteen months after erection of the plant. Contracts on the basis of deferred payments can be considered only in exceptional cases, and if the value of the equipment exceeds Rs. 1.5 crores. In no instance can payments after 31st March, 1966 be permitted.

APPENDIX I TO MINISTRY OF C & I PUBLIC NOTICE No. 141-ITC(PN)/61

Dated 26-12-1961

GUARANTEE BOND (To be duly stamped)

(To be furnished by banks under the procedure for the import of goods under the Second Yen Credit.)

To,

The President of India,

In consideration of the President of India (hereinafter called "the Government") having at our request arranged for payments for the import of _____ (here specify the nature of goods) by _____ [name of Indian importer(s)] [hereinafter called "the said importer(s)"] under the terms and conditions of an Agreement/contract dated _____ made between the said importer(s) and _____ (name of Japanese supplier) and in pursuance of an import licence to be issued to the said importer(s) of the Government of India under the Yen Credit Procedure, against the credit made available by the Export-Import Bank of Japan and twelve other participating Japanese banks.

2. We, _____ Bank Ltd. do hereby undertake to indemnify and keep indemnified the Government against any default in payment by the said importer(s) of any sum that may be due and payable from time to time by the said importer(s) to the Government in respect or on account of the said import under the above Yen Credit Procedure and for that purpose undertake to pay on demand to the Government at such place and in such manner as the Government may from time to time direct the sum in the rupee equivalent of Yen _____ at the International Monetary Fund parity rate on the dates of payments to the suppliers in Japan, or any part thereof, for the time being due and payable by the said importer(s), together with interest thereon at the rate of 6 per cent per annum from the date of payment to the Japanese Supplier.

3. We, _____ Bank Ltd. further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Agreement/contract and that it shall continue to be enforceable till all the dues to the Government under or by virtue of this guarantee have been fully paid and its claims satisfied or discharged, or till the Department of Economic Affairs, Ministry of Finance certifies that the terms and conditions of the said agreement have been fully and properly carried out by the said importer(s) and accordingly discharges this guarantee, whichever of these periods may be later.

4. The guarantee herein contained shall not be effected by any change in the constitution of the said Importer(s) or the _____ Bank Ltd. and the Government shall have the fullest liberty without affecting the guarantee to postpone for any time and from time to time any of the powers exercisable by it against the said Importer(s) and either to enforce payment by the said Importer(s) or for-bear in enforcing payment by the said Importer(s) of any of the amounts the payment whereof is intended to be hereby secured and the _____ Bank Ltd. shall not be released from its liability under this guarantee by any exercise of the Government of the liberty with reference to the matters aforesaid or by reason of time being given to the said Importer(s) or any other forbearance, act or omission on the part of the Government or any indulgence by the Government to the said Importer(s) or by any matter or thing whatsoever which under the law relating to sureties shall, but for this provision, have the effect of so releasing the _____ Bank Ltd. from its such liability.

5. We, _____ Bank Ltd. lastly undertake not to revoke this guarantee during its currency except with the previous consent of the Government in writing.

Dated the _____ day of _____ 19 _____.

For, _____ Bank Ltd.

(Signature)

Accepted for and on behalf of
the President of India.

(Signature & Designation)

APPENDIX II TO MINISTRY OF C. & I. PUBLIC NOTICE No. 141-ITC(PN)/61

Dated 26-12-1961

(Name of Issuing Bank in India)

To: (Designated Japanese Bank)

This letter of credit has been issued pursuant to Article V of the Loan Agreement dated August 18, 1961, concerning the Second Yen Credit to India & in accordance with the Notice of Approval No. _____ issued by the Export-Import Bank of Japan.

Dear Sirs:

We request you to advise _____ that we have opened our irrevocable credit No. _____ in their favour for account of _____ for a sum or sums not exceeding a total of _____ available by beneficiary's draft(s) at sight for _____ % invoice value drawn on you (Designated Japanese Bank), covering shipment from _____ to _____ of _____
To be accompanied by the following documents

All documents must indicate import licence No. _____ and The Export-Import Bank of Japan. Notice of Approval No. _____
Partial shipments are _____ permitted. Transshipment is _____ permitted. Shipment must be effected not later than _____ Drafts must be presented to the drawee not later than _____

All drafts drawn hereunder must be marked "Drawn under _____ irrevocable credit No. _____ dated _____"

We hereby undertake that all drafts drawn under and in compliance with the terms of the credit shall be duly honoured on due presentation and delivery of documents to the drawee.

Special Instructions:

1. This Letter of Credit does not become available unless the issuance of Letter of Undertaking as provided for in Article V of the Loan Agreement dated August 18, 1961, concerning the Second Yen Credit is confirmed and certified by you to that effect on the face of your advice of this Credit to the beneficiary.

2. Simultaneously with the payment of draft(s) under this Letter of Credit, reimbursement shall be obtained by you in accordance with Article V of the said Loan Agreement.

All banking charges in connection with this Letter of Credit are to be paid by us.

Yours faithfully,

K. T. SATARAWALA,
Chief Controller of Imports and Exports.